GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1318
ANSWERED ON:08.03.2002
FDI INFLOW
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether India is far behind in attracting FDI in comparison to other countries like China, Singapore etc.;

(b) if so, whether the percentage of actual inflow of FDI compared to the investment outflow is exceptionally low;

(c) if so, whether the FDI inflow has slipped from $5.18 billion in 1999-2000 to $5.1 billion in 2000-2001;

(d) if so, whether FDI inflow has further shown negative growth of 3% during the current financial year;

(e) if so, the reasons therefor;

(f) the efforts being made by the Government to reverse this trend and action plan of the Government to attract the foreign investors;

(g) whether the Government are also aware that multinational companies are bringing outdated technologies and setting up 100% subsidiaries; and

(h) if so, the action taken / being taken against such companies?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH)

(a) : Comparative inflow figures for the year 2000 in respect of India, China and Singapore as reported in UNCTAD`s World Investment Report 2001 (WIR`01) are as under :

(Million of Dollars)

Year	India	China	Singapore
2000	2315	40772	6390

(b) : No, Sir. The FDI inflow to investment outflow ratio is 6.89 : 1 as reported in UNCTAD`s World Investment Report 2001.

(c) : No, Sir.

(d) : No, Sir. FDI inflows net of ADRs/GDRs and advance pending issue of shares during 2001 was US$ 3.57 billion, which is 47% higher than that received during the previous year in dollar terms.

(e) : Does no arise.

(f) : The Government of India is making continuous efforts to make India the most preferred investment destination in Asia by providing an internationally competitive investment climate in terms of policy framework, factors and institutions. The FDI policy is reviewed continuously to make it more investor friendly. In order to increase FDI, the Government has permitted access through the automatic route upto 100% FDI for all activities except a small list.

(g) & (h) : Indian partners / companies are free to enter into technology collaborations with foreign partners of their choice. Such

technical collaborations are guided by commercial considerations like market competitiveness and product demand.